

via electromagnetic radiation, wherein, when the computer program code is loaded into and executed by a computer, the computer becomes an apparatus for practicing the invention. When implemented on a general-purpose microprocessor, the computer program code segments configure the microprocessor to create specific logic circuits. The present invention could also be implemented manually or by using both manual and automated method at any combinations of appropriate levels.

[0040] While the invention has been described with reference to exemplary embodiments, it will be understood by those skilled in the art that various changes may be made and equivalents may be substituted for elements thereof without departing from the scope of the invention. In addition, many modifications may be made to adapt a particular situation or material to the teachings of the invention without departing from the essential scope thereof. Therefore, it is intended that the invention not be limited to the particular embodiments disclosed for carrying out this invention, but that the invention will include all embodiments falling within the scope of the appended claims.

## Claims

[c1]

1. A network system for facilitating procurement of direct and indirect items via a cost out tool, comprising:

at least one cost out distribution network system, comprising:

a server operable for executing said cost out tool;

a communications network operably coupled to said server;

a workstation in communication with said server via said communications network, said workstation executing a user interface for facilitating execution of said cost out tool;

a data storage device in communication with said server via said communications network, said data storage device housing information utilized by said server in executing said cost out tool, wherein said information includes:

legacy data;

bucket specifications and specification templates;

sourcing data; and

a catalog of selected items and suppliers;

a link to at least one supplier system;

at least one site system operably coupled to said at least one cost out distribution network system and said at least one supplier system via said network system, said at least one site system comprising:

a web-enabled computer processing device coupled to a local storage device via a communications link wherein said computer processing device executes a graphical user interface.

[c2]

2. The network system of claim 1, further comprising:

a code structure incorporated into said catalog including a specification code and an item locator for classifying and organizing said direct and indirect items.

[c3]

3. The network system of claim 2, wherein said specification code is provided by a commercial coding system.

[c4]

4. The network system of claim 2, wherein said specification code is a commodity code provided by an administrator or a sourcing specialist associated with said cost out distribution network system.

[c5]

5. The network system of claim 2, wherein said item locator is a code comprising at least one digit operable for providing sub-classifications among each of said specification codes.

[c6]

6. The network system of claim 1, further comprising:

a mapping tool executing on said server operable for transferring selected legacy data to at least one of said bucket specifications.

[c7]

7. The network system of claim 1, further comprising:

an auction tool executing on said server operable for communicating said bucket specifications to, and receiving responses from, said at least one supplier system.

[c8]

8. The network system of claim 1, further comprising:

an electronic purchasing tool executing on said server operable for:

generating purchase orders;

executing purchases; and

performing related billing functions.

[c9]

9. The network system of claim 1, wherein said network system communicates via at least one of:

an extranet; and

Internet.

[c10]

10. The network system of claim 1, wherein said at least one cost out distribution network system includes a central facility for said facilitating procurement of direct and indirect items via negotiations and auctions on behalf of said at least one site system and said at least one supplier system.

[c11]

11. The network system of claim 1, wherein said legacy data includes at least one of:

supplier listings including product offerings and contact information;

bucket records of direct items including descriptions, pricing, purchase history, and status information; and

bucket records of indirect items including descriptions, pricing, purchase history, and status information.

[c12]

12, The network system of claim 11, wherein said status information includes designating an active status or inactive status to said bucket records indicating a time measurement of activity.

[c13]

13, The network system of claim 1, wherein said bucket specifications each include classification criteria including:

at least one key qualifier;

attributes;

auxiliary data; and

an assigned code.

[c14]

14, The network system of claim 13, wherein said bucket specifications each include:

a description field;

asset data;

usage data;

an originator name;

an originator date; and

if edited:

an editor name; and

an edit date.

[c15]

15, The network system of claim 14, wherein said asset data includes local data unique to a site system, said local data identifying items provided in said bucket specifications.

[c16]

16, The network system of claim 14, wherein said usage data includes local data specific to an associated site system relating to a nature of use of items provided in said bucket specification.

[c17]

17, The network system of claim 16, wherein said usage data includes local data specific to an associated site system relating to units of measurement associated with said items provided in said bucket specification.

[c18]

18, The network system of claim 1, further comprising bucket data including information relating to said direct or indirect items provided in said bucket specifications.

[c19]

19, The network system of claim 1, wherein said catalog houses information relating to direct and indirect items designated for sourcing and procurement.

[c20]

20, The network system of claim 1, wherein said catalog stores sourcing plans developed as a result of analyses performed on supplier responses to auctions and negotiations, said sourcing plans including instructions for procurement of direct and indirect items.

[c21]

21, The network system of claim 1, wherein said cost out tool includes a search engine for facilitating searching of direct and indirect items in said catalog.

[c22]

22, The network system of claim 1, wherein said cost out distribution network system is implemented at said at least one site system.

[c23]

23, A cost out tool for facilitating procurement of direct and indirect items via a network system, comprising:

at least one database housing:

specification templates;

bucket specifications;

bucket data for populating fields provided in said bucket specifications;

sourcing data;

at least one sourcing plan, said at least one sourcing plan including instructions for executing procurement activities among site systems and preferred suppliers, and wherein further, said sourcing plan resulting from auction or negotiation processes carried out via said cost out tool;

at least one catalog housing sourcing information pursuant to said sourcing plan;

an editing tool for modifying said bucket specifications; and

a reporting tool for providing metrics and reports.

[c24]

24. The cost out tool of claim 23, wherein said site systems:

execute said sourcing plan;

update data in local storage to reflect sourcing activities executed; and periodically upload said data in local storage to a master catalog maintained by

said cost out tool.

[c25]

25. A method for facilitating procurement of direct and indirect items over a network system, comprising:

implementing a set-up process, including:

selecting and prioritizing bucket records stored in a legacy database according to predefined criteria, said bucket records comprising data related to said direct and indirect items;

data mining said bucket records;

providing a specification template operable for:

defining bucket specification criteria;

assigning a unique code to said specification criteria; and

entering bucket specification fields into a database;

entering bucket data into said bucket specification fields;

consolidating said bucket data;

releasing said bucket data to a sourcing entity; and

conducting a preferred supplier selection process resulting in a sourcing plan; and

storing results of said supplier selection process in a catalog database.

[c26]

26, The method of claim 25, wherein said data mining said bucket records includes:

assigning an inactive status to bucket records determined to be obsolete, duplicative, or otherwise undesirable;

assigning an active status to remaining bucket records; and

storing updated bucket records and status assignments in said legacy database.

[c27]

27, The method of claim 25, wherein said bucket specification criteria are selected from information sources including at least one of:

ISO standards;

supplier-provided data; and

databanks.

[c28]

28, The method of claim 25, wherein said unique code includes:

a specification code for classifying and organizing bucket specifications; and

an item locator for sub-classifying said bucket specifications.

[c29]

29. The method of claim 25, wherein said entering said bucket specification criteria into said bucket specification fields includes transferring bucket data from a legacy database into associated bucket specification fields.

[c30]

30. The method of claim 25, wherein said consolidating said bucket data includes aggregating bucket data using said unique code.

[c31]

31. The method of claim 25, wherein said conducting a preferred supplier selection process includes:

distributing aggregated bucket data to selected supplier systems including an invitation to bid or negotiate;

comparing responses from said supplier systems, said responses including acceptance of said invitation.

[c32]

32. The method of claim 31, wherein said acceptance includes agreement to adhere to required or requested terms and conditions of said invitation.

[c33]

33. The method of claim 32, wherein said terms and conditions include:

descriptions of items required;

quantities of said items;

delivery methods;

site services;

technical support; and

return policies.

[c34]

34. The method of claim 25, wherein said sourcing plan includes acceptable

methods of procuring direct and indirect items for implementation by designated site systems.



[c35]

35, The method of claim 25, wherein said catalog database houses preferred supplier systems data and preferred direct and indirect item data pursuant to said sourcing plan.

[c36]

36, A method for facilitating procurement of direct and indirect items, comprising:

implementing a maintenance process, including:

receiving a requisition for at least one direct or indirect item;

determining a status of a bucket specification related to said direct or indirect item;

if said status is active:

applying a specification template;

releasing a purchase order;

transmitting said purchase order to a sourcing entity; and

conducting a preferred supplier selection process; and

if said status is not active:

appointing a bucket owner;

defining a bucket specification via a specification template;

assigning a unique code to said items;

entering bucket specification fields into a database;

consolidating said bucket data;

releasing said bucket data to said sourcing entity; and

conducting a preferred supplier selection process.

[c37]

37. The method of claim 36, further comprising initiating a purchase for a direct or indirect item, including:

accessing a cost out tool by a user at a workstation;

upon being presented with a menu screen, performing a search for a desired item;

if said item is found in said database:

comparing prices provided by said tool for said item with recently obtained pricing information known to said user;

if said user is aware of a potential price advantage not specified in said database:

notifying said sourcing of said potential price advantage;

analyzing elements of said potential price advantage against existing database records;

if said sourcing entity determines that said price advantage merits a modification:

modifying existing specification records to reflect said price advantage; and

updating said records in said database to reflect said modification;

if authorized, directly purchasing said item from a preferred supplier system provided by said cost out tool;

if not authorized, purchasing said item through alternative procurement channels; and

updating a database catalog to reflect said purchase;

if said item is not found in said database:

notifying a designated technical specialist; and

reviewing data reported and determining whether to modify existing bucket records, wherein said records are modified if criteria is met.

[c38]

38. A storage medium encoded with machine-readable computer program code for facilitating procurement of direct and indirect items over a network system, the storage

medium including instructions for causing a computer to implement a method, comprising:

implementing a set-up process, including:

selecting and prioritizing bucket records stored in a legacy database according to predefined criteria, said bucket records comprising data related to said direct and indirect items;

data mining said bucket records;

providing a specification template operable for:

defining bucket specification criteria;

assigning a unique code to said specification criteria; and

entering bucket specification fields into a database;

entering bucket data into said bucket specification fields;

consolidating said bucket data;

releasing said bucket data to a sourcing entity; and

conducting a preferred supplier selection process resulting in a sourcing plan; and

storing results of said supplier selection process in a catalog database.

[c39]

39. The storage medium of claim 38, wherein said data mining said bucket records includes:

assigning an inactive status to bucket records determined to be obsolete, duplicative, or otherwise undesirable;

assigning an active status to remaining bucket records; and

storing updated bucket records and status assignments in said legacy database.

[c40]

40, The storage medium of claim 38, wherein said bucket specification criteria are selected from information sources including at least one of:

ISO standards;

supplier-provided data; and

databanks.

[c41]

41, The storage medium of claim 38, wherein said unique code includes:

a specification code for classifying and organizing bucket specifications; and

an item locator for sub-classifying said bucket specifications.

[c42]

42, The storage medium of claim 38, wherein said entering said bucket specification criteria into said bucket specification fields includes transferring bucket data from a legacy database into associated bucket specification fields.

[c43]

43, The storage medium of claim 38, wherein said consolidating said bucket data includes aggregating bucket data using said unique code.

[c44]

44, The storage medium of claim 38, wherein said conducting a preferred supplier selection process includes:

distributing aggregated bucket data to selected supplier systems including an invitation to bid or negotiate;

comparing responses from said supplier systems, said responses including acceptance of said invitation.

[c45]

45, The storage medium of claim 44, wherein said acceptance includes agreement to adhere to required or requested terms and conditions of said invitation.

[c46]

46, The storage medium of claim 45, wherein said terms and conditions include:

descriptions of items required;

quantities of said items;

delivery methods; and

return policies.

[c47]

47. The storage medium of claim 38, wherein said sourcing plan includes acceptable methods of procuring direct and indirect items for implementation by designated site systems.

[c48]

48. The storage medium of claim 38, wherein said catalog database houses preferred supplier systems data and preferred direct and indirect item data pursuant to said sourcing plan.

[c49]

49. A storage medium encoded with machine-readable computer program code for facilitating procurement of direct and indirect items, the storage medium including instructions for causing a computer to facilitate implementation of a method comprising:

implementing a maintenance process, including:

receiving a requisition for at least one direct or indirect item;

determining a status of a bucket specification related to said direct or indirect item;

if active:

applying a specification template;

releasing a purchase order;

transmitting said purchase order to a sourcing entity; and

conducting a preferred supplier selection process; and

if not active:

appointing a bucket owner;  
defining a bucket specification via a specification template;  
assigning a unique code to said items;  
entering bucket specification fields into a database;  
consolidating said bucket data;  
releasing said bucket data to said sourcing entity; and  
conducting a preferred supplier selection process.

[c50]

50. The storage medium of claim 49, further comprising instructions for causing said computer to facilitate implementation of a method, comprising:

initiating a purchase for a direct or indirect item, including:  
accessing a cost out tool by a user at a workstation;  
upon being presented with a menu screen, performing a search for a desired item;  
if said item is found in said database:  
comparing prices provided by said tool for said item with recently obtained pricing information known to said user;  
if said user is aware of a potential price advantage not specified in said database:  
notifying said sourcing of said potential price advantage;  
analyzing elements of said potential price advantage against existing database records;  
if said sourcing entity determines that said price advantage merits a modification:  
modifying existing specification records to reflect said price advantage; and  
updating said records in said database to reflect said modification;